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File:
DTLIVEN

MEMORANDUM : FOR THE RECORD

REFERENCE : EGBA 2992

1. Paragraph 1a. This difference could have resulted as indicated. In our audit report Schedule F, we pointed out variations in transfers between the overt and covert books did occur, in fact, for the six month period analyzed, a net overage of 106.56 DM occurred.

2. Paragraph 1b. The October accounting submitted with referenced dispatch differs from the one we were given at the time we made our audit. The "Spenden" (receipts) on the attachment shows 26,300.00 DM, on the earlier statement 20,000.00 DM. The difference is offset by an increase in salaries of 6,217.20 DM and cash on hand of 82.80 DM.

There is we believe, a reasonable explanation. October marked the beginning of a new method for handling covert payrolls. The statement we were presented only covered bonuses described in our audit report, later a revised form had to be prepared including those salaries formerly paid by the overt section. Note the September report shows "über Stammhaus: Gehalter" of 6,411.01 DM. These salaries do not appear anywhere else for October and are reasonable.

The reason our audit disclosed the difference (which should have been 5,800.00 DM - not 4,800.00 DM) was the entry had not yet been made on the covert books for the salary expense for October. You will note in our report that the October books had not yet been closed when our audit was made.

The attached statement answers our question regarding the difference.

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ROB/npd

10 March 1953

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VIA: Air
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DISPATCH NO. EGBA 2992

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CLASSIFICATION

TO : Chief of Mission, Frankfurt
FROM : Chief, Berlin Operations Base
SUBJECT: GENERAL— CADORY/Operational
SPECIFIC— DTLINEN Audit Report
REF : EGBA 2740

DATE: 12 February 1953

DATE:	
10 FEB. 1953	
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3- ED	
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1. DTLINEN submitted the following clarification of the particulars in Paragraph 1 b, Reference:

a. The 147.50 DM difference (June 1952) resulted from Newham's former procedure of allocating the monthly subsidy to the overt and covert sections. As a result, minor discrepancies in bookkeeping occurred. Our recent recommendation for allocating funds (cite Paragraph 1 f, Reference) eliminates recurrence of such discrepancies.

b. DTLINEN carefully re-checked the October statements. It was unable to clarify the 4800 DM discrepancy. However, both the covert section chief and the overt section bookkeeper are firm in their conviction that a discrepancy of such magnitude was unlikely. Leeder, the covert section chief, submitted a carbon copy of that section's October statement (to be forwarded under separate dispatch). The statement definitely shows receipt of 26,300 DM from CADRAIN. Leeder also added a notation (in pencil) that the overt section had received 5200.80 DM from CADRAIN. The latter sum was actually 4700.80 DM, the difference of 500.80 DM resulting from an emergency advance to the overt section to pay V-Mann expenses. The overt section recorded the 500.80 DM as from CADRAIN, in effect duplicating an entry already on the covert section books.

Comment: DTLINEN's accounting procedure apparently conforms to acceptable standards, even though occasional accounting errors occurred. Leeder is extremely sensitive to irregularities which may affect confi-

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dential funds. He scrutinizes the covert section statements carefully. Since the covert section statement for October shows receipt of 26,300 DM from CADRAIN, it seems inexplicable that DTLINEN recorded the subsidy as 25,200 DM. If we add the 4700 DM allocated to the overt section, the DTLINEN account can only show total receipt of 31,000 DM from CADRAIN.

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APPROVED []

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Attachment under separate cover to EGBA 2992

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der Abteilung Ostberatung, Monat Oktober 1952

<u>A.) Einnahmen:</u>	<u>Berlin</u>	<u>West</u>	<u>gesamt</u>
Bestandsvortrag am 1.10.52	1.034.85	-	1.034.85
1.) <u>S p e n d e n</u>	<u>25.306.74</u>	<u>993.26</u>	<u>26.300.--</u>
	26.341.59	993.26	27.334.85 = 27.334.85
<u>B.) Ausgaben:</u>			
2.) <u>V-Mann-Betreuung</u> ..	6.971.67	214.37	7.186.04
3.) <u>Gehälter und perso- nelle Aufwendungen</u>	9.812.20	400.--	10.212.20
4.) <u>Propagandakosten</u>	2.885.05	234.71	3.119.76
5.) <u>Neuanschaffungen</u>	1.533.45	-	1.533.45
6.) <u>Stühliche Kosten</u>	1.751.07	55.50	1.806.57
7.) <u>Porto- und Fern- sprechgebühren</u>	470.40	38.68	509.08
8.) <u>Informationen</u>	806.71	-	806.71
9.) <u>Auto-Betriebs- und Unterhaltskosten</u>	1.045.07	50.--	1.095.07
10.) <u>Verlegung der Sach- gebiete</u>	25.275.62	993.26	26.268.88 = <u>26.600.--</u>
Bestand am 31.10.52	(1.065.97)	(-)	<u>3065.97,</u> *****

der als Barbestand auf November 1952 vorgetragen wurde.

Aufgestellt am 1. November 1952

.....
Ludwig
.....

.....
W. Müller
.....

von Kammerling 5.200,80* verbucht
26.300,--

31.500,80

5.200,80
500,80

4.700,00

Die 500,- sind doppelt verbucht als Aufg. 1 + der 10. unter
V. Müller.

Insgesamt 45.827,70 davon 31.500,- Ford
5.200,80* f. Kunde
34,90 kleine f. Kunden
9.500,- Thomas